

CONVENTION ON WETLANDS (Ramsar, Iran, 1971)
53rd Meeting of the Ramsar Standing Committee
Gland, Switzerland, 29 May – 2 June 2017

Draft report of the Meeting of the Sub-group on Finance (30 May, June 1 and 2 2017)

The Chair of the Sub-group on Finance opened the meeting, thanked the Secretariat for the preparation of the documents, welcomed the Secretary General and the Finance Officer in their functions and re-assured them of the support of the Sub-group on Finance for all financial matters. In this regard, he pointed out the role of the Sub-group on Finance and recalled the role of the Sub-group in deciding on the use of surplus and core budget revisions. Afterwards, the **Secretary General** thanked the members of the Sub-group on Finance and announced that Add.1 of SC53-20 was available for their consideration. The **Chair and the Secretary General** proposed to present each item separately followed directly by discussions of the members and observers.

Switzerland requested to be part of the Sub-group on Finance as per their letter sent following COP12. **The Chair** confirmed.

Main conclusions and action points for each item referred to in SC53-20 and SC53-21

a. Note the preliminary core budget results for 2016 Doc. SC53-20 Ramsar financial matters 2016

Following introductions to the document by the **Chair of the Sub-group on Finance** (Senegal) and the **Secretariat**, interventions were made to obtain clarity on certain points such as the changes presented in Add.1. The **Secretariat** informed that the 2016 audit would start on 12 June 2017. The Sub-group requested to receive the 2016 audit report including the audited financial statements prior to SC54.

Conclusion:

The Sub-group on Finance noted the preliminary core budget results for 2016; the preliminary 2016 balance sheet and the 2016 draft financial statements as of 31 December 2016. The delay of the 2016 financial statement audit was noted.

b. Approve the proposals for the use of 2016 surplus and reserve fund Doc. SC53-20 Ramsar financial matters 2016

Following an introduction to the document by the **Secretariat** including the replenishment of the reserve fund to 15% as per table 4 in SC53-20 Add.1 (see below), interventions were

made by various members and observers requesting more details to support the proposed items. The replenishment of the reserve fund to 15% was noted as per table 4 below:

Table 4 (NEW): Update for Core Reserve Fund ('000 CHF)

Description	SC53
Core Reserve Fund at 31 December 2015	372
Correction of prior year net foreign exchange loss related to a non-core project and initially reported as a core budget expense	117
2016 budet for reserve fund provisions per decision SC51-22	273
Core Reserve Fund at 31 December 2016 at the maximum of 15% of the annual core budget (Resolution XII.1)	762

During the discussion on the proposed use of the surplus, **the Chair of the Sub-group on Finance** requested for the inclusion of funding for a pre-COP meeting of the Sub-group on Finance and include this in the proposal. **Australia and the United States of America** did not agree on having an additional face-to-face meeting. There was an overall agreement to not use the surplus for this.

United States of America and Canada asked for the remaining surplus being used for Ramsar Advisory missions and Regional Initiatives as the top priorities but was not in favour of using the surplus for delegate support.

Concerning questions on the part-time Accounting Assistant, **Secretary General** confirmed this long-term capacity is needed to effectively manage the Convention's finances. The current proposal is to use the 2016 surplus for the remainder of the current triennium and include this position in the draft resolution of the next triennium within the existing budget scenario. Canada requested the Secretariat to review with IUCN whether this could be included in the provision of their services. **Japan** and other members agreed with the proposal.

During the discussion on the travel budget, the **Chair** suggested an additional CHF 20K for the Secretariat. The **Secretary General** thanked the Chair for the proposal and confirmed that the Secretariat could manage within the existing total budget for 2017. She further asked for having the flexibility to manage the overall travel budget without strictly having to adhere to each single travel line per Department. Several members intervened and the Secretariat was requested to come up with an inter-sessional proposal on the use of the travel funds and seek approval of the Standing Committee via the Sub-group on Finance.

The Sub-group noted the Secretary General's request explanation that Ramsar follows IUCN policies as regards to establishing consultancy contracts for any short-term needs where

deliverables are clearly defined and staff contracts for any longer-term need. She confirmed that these contracts are linked to the availability of funding.

At the request of Australia, on the basis of the request of the Secretariat to discuss allocation of funds to new Regional Initiatives in the Plenary, Canada proposed, in the Sub-group meeting, to finance Regional Initiatives through funds from the 2016 surplus. To ensure the integrity of the Sub-group on Finance decision-making, and in the context of the request from SenegalWet for additional funding from the core budget, Australia suggested that the Chair of the Sub-group stood aside for the discussion of the Sub-group on possible allocations of the 2016 surplus towards Ramsar Regional Initiatives, to remove any issue of conflict of interest. The Chair decided to stand aside and Canada took the Chair temporarily during this discussion.

Senegal clarified that SENEGALWET (River Senegal Basin) did not request additional funding from core fund surplus but from African voluntary contributions which are for African Regional Initiatives and core budget linked to par 15 of Res. XII.8.

Conclusion:

The Sub-group on Finance takes note of the replenishment of the reserve to its maximum of 15% of 2016 core budget equivalent to CHF762K as per Res. XII.1

The Sub-group requests the Secretariat to come up with an inter-sessional proposal on the use of the travel funds and seek approval of the Sub-group on Finance and to look into the option of participation in IUCN's trainings.

The Sub-group recommends use the 2016 surplus as per table 5 below:

Table 5 (Revised by Sub-group on Finance): Proposed Reallocation of 2016 surplus funds ('000 CHF)

Description	SC53	Comments
Core Surplus	510	
Position and contract extension approved by the Executive Team (21-22 February 2017):		
Part-time Accounting Assistant	86	50% July 2016 - December 2018 (Level A3)
Finance Management - transition period	70	Up to SC53 and 2016 audit
Subtotal approved by Executive Team	156	
Core Surplus, Remaining Balance	354	
Proposal for Remaining Surplus:		
Planning, Capacity Building and Team Building to ensure effective operations of the Secretariat (2017 and 2018)	110	Planning Workshop x 2: 30 Workshop x 2: 30 Conflict resolution / leadership x2: 40 Team-building x2: 10
Executive Team Meeting	8	As needed
Subtotal, Proposal	118	
Core Surplus, Remaining Balance	236	
COP Priorities (Resolution XII.1) - Ramsar Advisory Missions	90	To be requested by the regions based on demonstrated need
Regional Initiatives	60	To be set-aside in case needed and availability of funds
Improvements for the on-line system for National Reports	10	
Pre-COP interpretation	32	12K Asia, 8K Americas, 12K Africa
Remaining Balance	44	To be allocated at next SC

The Sub-group on Finance further requests the Secretariat to prepare a draft resolution on financial matters to be considered by COP13 and to include the Accounting Assistant position.

c. Consider the proposal to start the use of designated reserves for exceptional annual core budget surpluses Doc. SC53-20 Ramsar financial matters 2016

The Sub-group discussed the Secretariat's proposal to discontinue the practice of transfers from core to non-core from 2017 onwards and carry-forward any balances within the triennium as per Res. V.2 Annex 3, par. 8 and, if necessary, create a designated reserve.

For past transfers from core to non-core, there was a general agreement that funds earmarked for certain activities should be used for those activities.

The Sub-group requests that the Secretariat report back to the Sub-group on the basis of Res. V.2 Annex 3, par. 8 and, when and if needed, create an operational reserve on a pilot basis. The experience should be shared in a report to SC54.

d. Note the non-core budget and voluntary contributions for 2016 Doc. SC53-20 Ramsar financial matters 2016

The Sub-group noted the non-core budget and voluntary contributions for 2016 and recommended for future SC documents, that the Secretariat to continue including a breakdown of voluntary non-core contributions received (as per table 3 of SC53-20) and to indicate which of these contributions relate directly to the budgeted non-core expenditure priorities of the triennium (as per SC53-20, Annex 5).

e. Note that a review of old non-core balances from projects is underway / approve the use of the balances identified by the Secretariat Doc. SC53-20 Ramsar financial matters 2016

The Secretariat provided a summary of the break-down of 2016 closing balance of the Admin project of CHF 865K. The Sub-group noted the good progress undertaken by the Secretariat in reviewing old non-core balances and noted that break-down of the Admin project. Switzerland requested further joint discussions on their balance. The Sub-group agreed with the Secretariat's proposal to use the CHF 116K related to continuing activities such as RSIS for these activities and to report back to SC54 regarding the balance available for COP priorities.

The Sub-group recommends that the Secretariat prepares a proposal for undertaking a financial / management review of non-core funds.

f. Note the improved status of Contracting Parties' outstanding annual contributions Doc. SC53-21 Update on outstanding annual contributions

The Sub-group takes note of the improvement of the status of outstanding contributions of Contracting Parties and encourages Contracting Parties to pay any outstanding dues in due course.

g. Note the proposed Secretariat actions for 2017 and consider additional measures of other Conventions Doc. SC53-21 Update on outstanding annual contributions

The Sub-group noted the proposed Secretariat actions for 2017 mentioned in SC53-21 par. 11 and 12 and recommends the additional measure proposed by the Secretariat of publishing on its website the status of contributions.

h. Approve the proposal for calculating the annual provision against dues receivable from Contracting Parties (as followed by other Conventions) Doc. SC53-21 Update on outstanding annual contributions

The Sub-group on Finance, following discussions, recommends the approval of the proposal of the Secretariat for changing the method of calculating the annual provision against dues receivable from Contracting Parties as presented in SC53-21, table 4. This aligns the calculation with the practice of other Conventions.

i. Note the current status of the voluntary contributions of Contracting Parties in the Africa region, as defined by Resolution X.2, par. 23 Doc. SC53-21, Annex2 Update on outstanding annual contributions

The Sub-group on Finance noted the Cumulative voluntary contributions of Contracting Parties in the Africa region starting from 2009 amounting to CHF 99K by 31 December 2016 and recognized that such contributions should be allocated to Regional Initiatives for the Africa region.

The Sub-group requests to the Secretariat, upon further clean-up and subsequent audit confirmation of the final balance of the voluntary contributions for 2016, to seek advice from the African region on the allocation of the 2016 balance for the African Regional Initiatives.

j. Approve the inclusion of a paragraph in the draft resolution on financial matters, to be considered by the Contracting Parties at COP13, to change the description of the African contributions from "voluntary" to "additional" Doc. SC53-21 Update on outstanding annual contributions

The Sub-group on Finance discussed this issue. The Chair recommended the inclusion of the above in the draft resolution. Canada suggested that the current wording of "voluntary" be maintained.